

# OMB Update: Getting to Green

## New tools for effective financial management

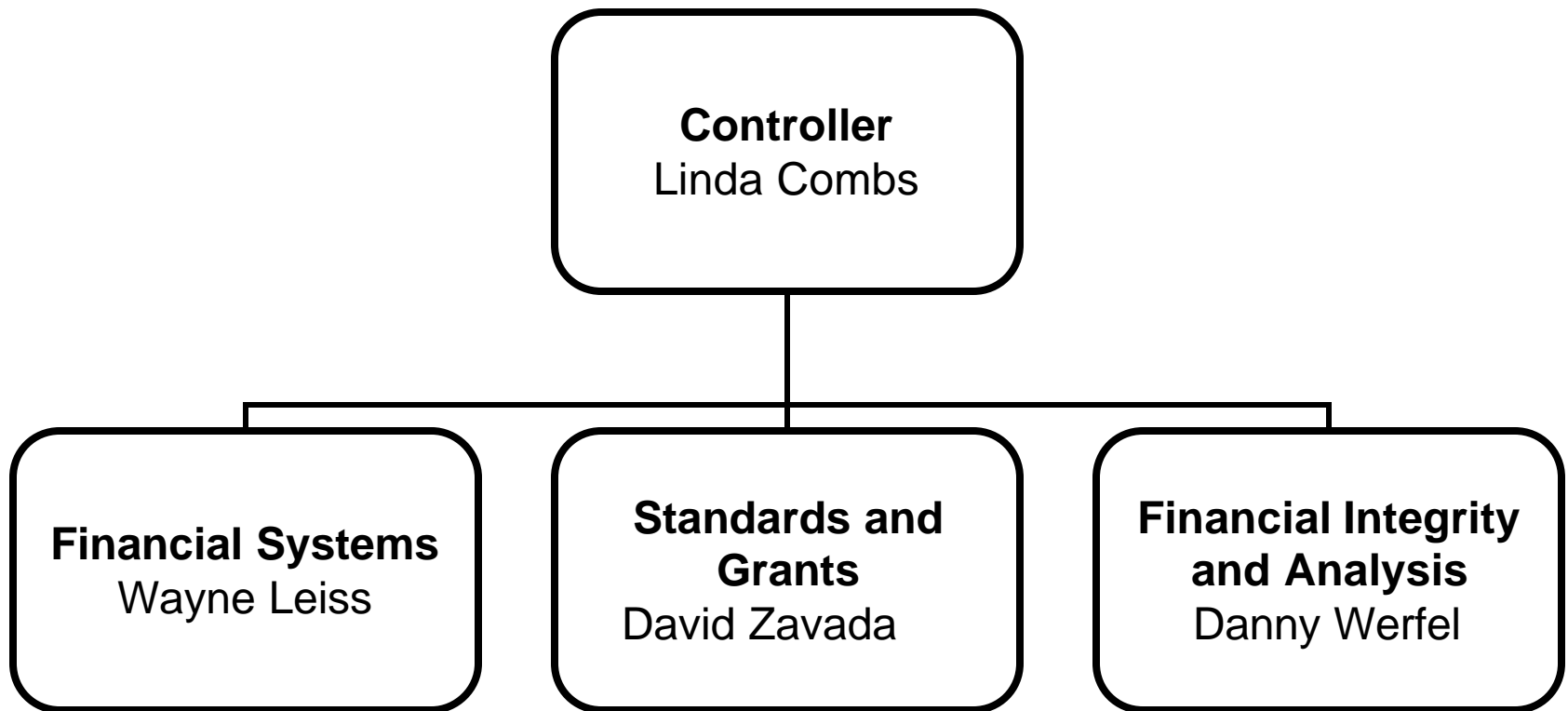
# Agenda

- Office of Federal Financial Management (OFFM)
- President's Management Agenda (PMA)
  - The Scorecard
  - Initiatives
- Other Financial Management Initiatives

# Office of Federal Financial Management (OFFM)

Mission: To promote and support first-class financial management in the executive branch of the Federal government.

# Office of Federal Financial Management (OFFM)



# CFO Council

- Consists of 24 major Federal departments and agencies.
- CFO Council Committees
  - Best Practices
  - Financial Management Policies and Practices
  - Financial Reporting Acceleration
  - Financial Systems Integration
  - Grants
  - Improper Payments
  - Performance Measurement

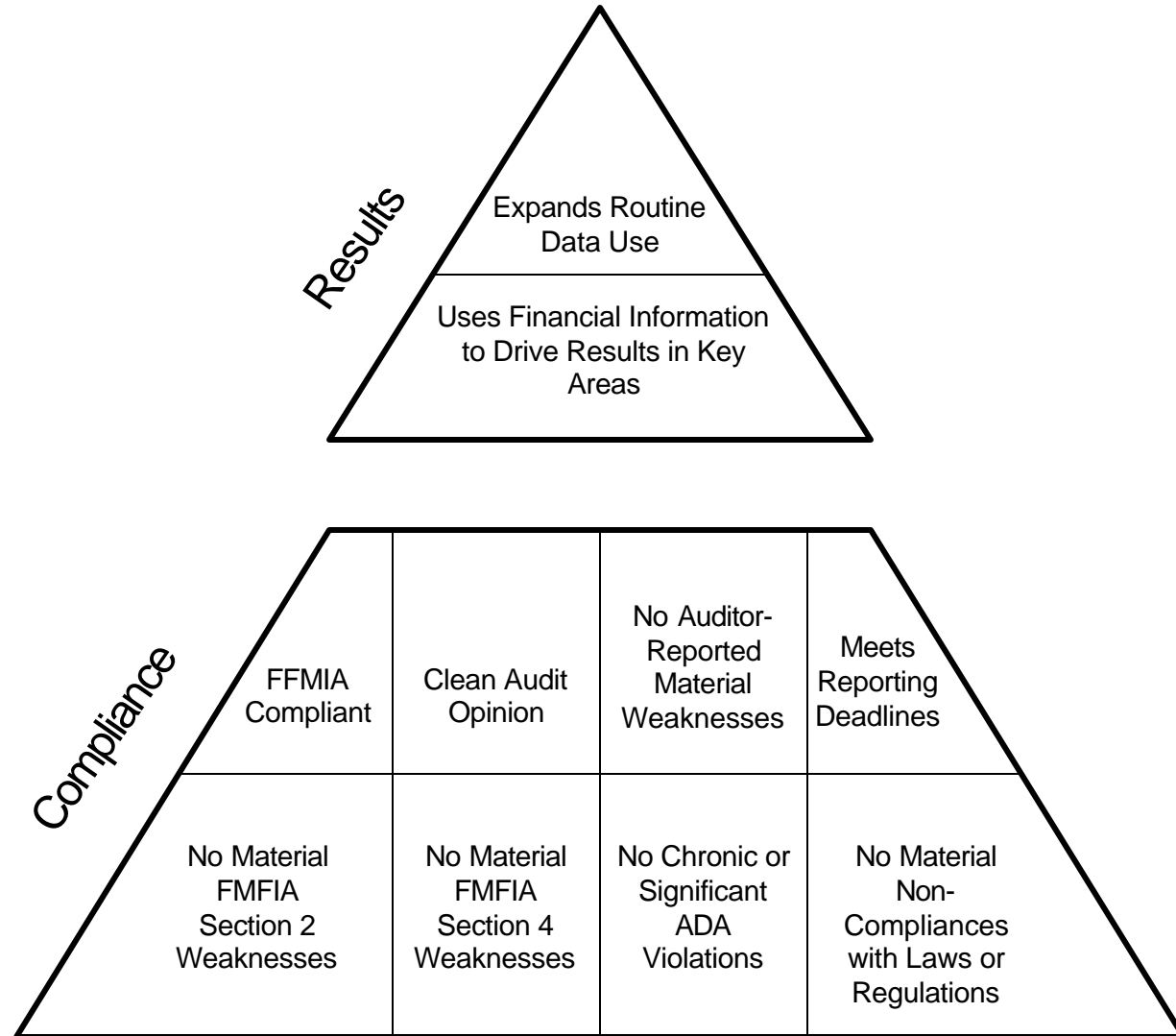
# President's Management Agenda (PMA)

- Human Capital
- Competitive Sourcing
- E-Government
- **Improving Financial Performance**
- Budget and Performance Integration

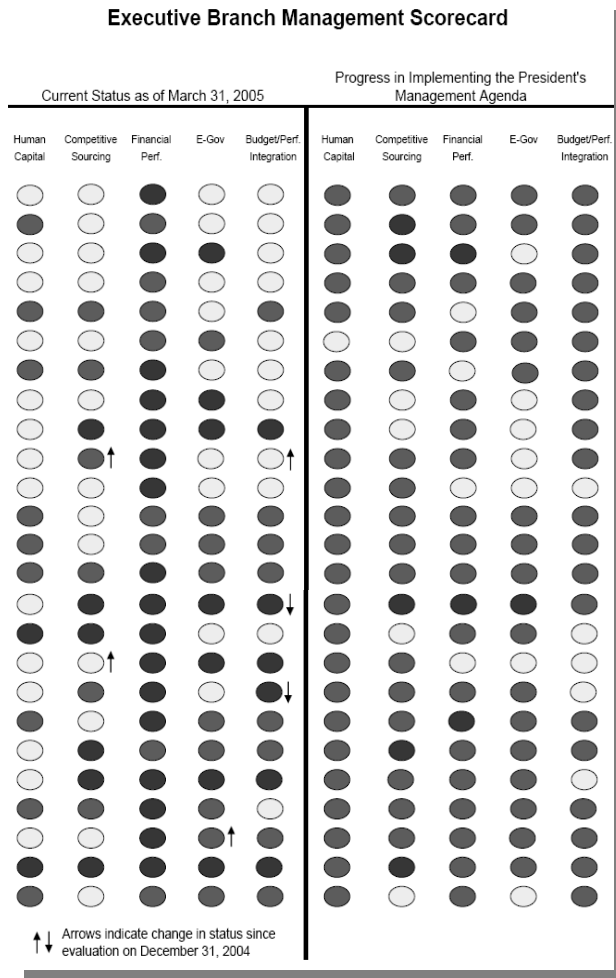
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- Improper Payments
- Real Property

# Getting to Green on Financial Performance



# The PMA Scorecard



- Red = Unsatisfactory
- Yellow = Mixed Results
- **Green = Success**



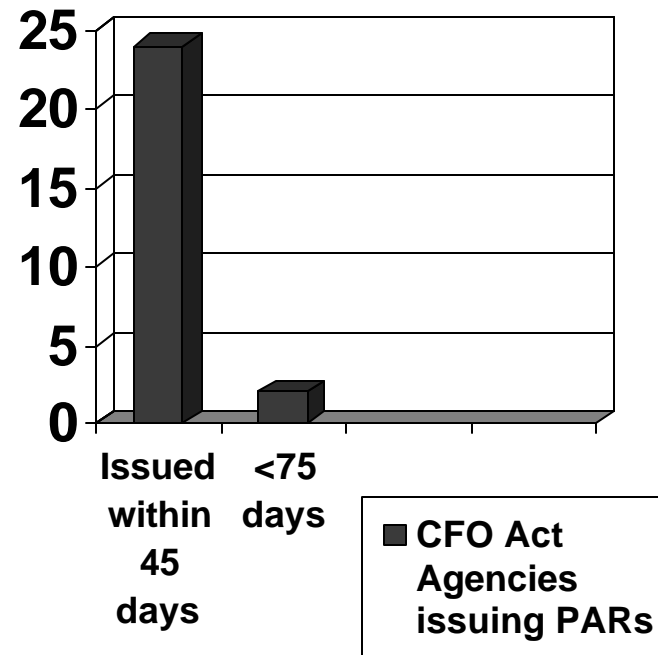
# *Getting to Green* on Financial Performance

- **Timely and accurate reporting**
- Strengthened accountability for **internal control**
- **Financial management** system initiatives
  - Federal Management Line of Business / Centers of Excellence
- **The *Getting to Green Plan*** – integrating data into decisions

# “Timely and accurate reporting”

## Aggressive Reporting Dates Met

- **Accelerated reporting**  
drove better processes
  - Agency PARS by November 15<sup>th</sup>
  - Government-wide financial report by December 15<sup>th</sup>
  - Quarterly statements in 21 days
  - Driving more timely and accurate financial information



# Improved Financial Processes in 2004

- Reconciliations and analyses performed *throughout* the year
- *Annual* “heroic efforts” unsustainable
- **New** government-wide **reporting process**

# What's Next?

- Maintaining a stable reporting schedule for 2005
- Further refining process improvements
  - CFOC Acceleration Committee focus
- Streamlining OMB policy guidance to facilitate its use

# **“Strengthening internal control over financial reporting”**

## New Requirements

- Revisions to Circular A-123 (December 2004)
- Strengthened/more rigorous management assessment processes for financial controls

## Ongoing Activities

- Ongoing quarterly monitoring under PMA
- Ongoing audit testing/compliance reporting

# Revisions to Circular A-123

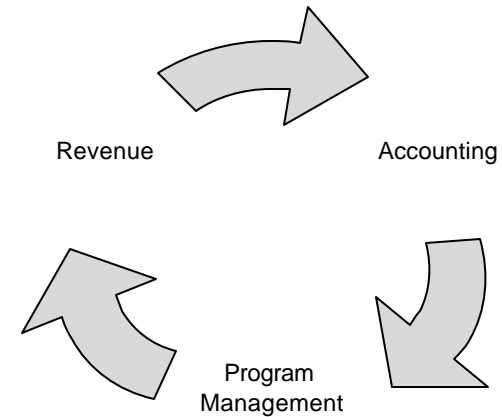
- Emphasize management's responsibility for effective internal control
- Require a strategic look at financial reporting risks
- Direct testing of controls
- Documentation to support/validate results
- New management assurance statement

# What's Next?

- A-123 implementation plans due to OMB by 8/31/05
  - CFOC hosting informal training session on 8/16
- Agencies should be engaged in the planning process now
- OMB will initiate discussions on agency-specific implementation plans

# “Financial management system initiatives”

- Agency systems requirements/certifications
  - Expand core scope
  - Interface standards
  - Improve certification process
- Financial Management Line of Business
  - **Avoid redundant** investments
  - Achieve **economies of scale** and skill
  - Business **process standardization**





# “Financial management **line of business (FM LOBs)**”

- Two Dimensions: **procurement and standardization**
- **Standardization** of business processes
- **Centers of Excellence (CoE)**
  - At a minimum provide **hosting, operation and maintenance of core financial system**
  - Agencies purchase services **competitively**
    - Select from public sector, private sector or cross-sector partnership
  - **Timing** of system migration **based on system life cycle**, not rigid date.

# What's Next?

- Acquisition, budget formulation system requirements
- More business process standardization within core
- Both sides of interfaces
  - E-Travel
  - Partial 224
- Certification test process changes
- Feeder system certification best practices guidance
- Financial Management Line of Business / CoE
  - Standard quality and cost measures
  - Standard Service Level Agreement Template
  - A-127 Revision, Implementation guide

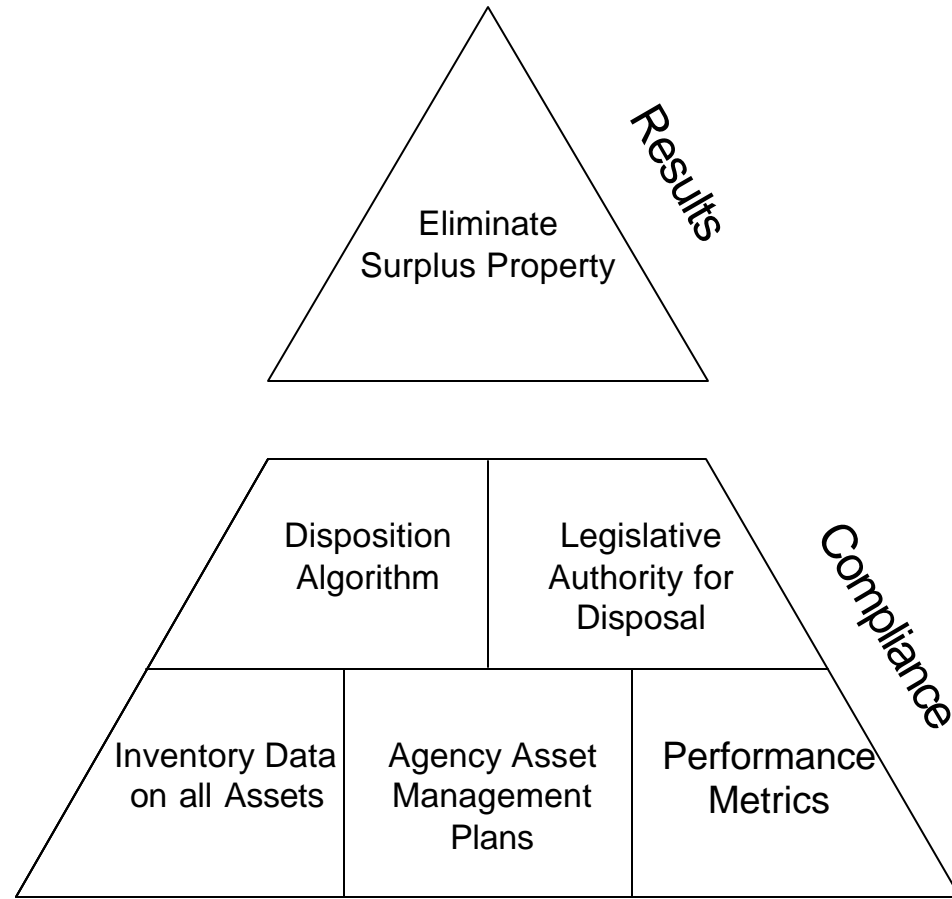
# The *Getting to Green* Plan

- **Describe** the desired **outcome/objective**
  - e.g., lower/control cost of major activity
- **Discuss** how **data** will be used strategically to achieve outcome/objective
  - e.g., unit costs, business intelligence dashboards
- **Describe** how **results** are/will be measured
  - e.g., baseline and target costs or similar performance measure

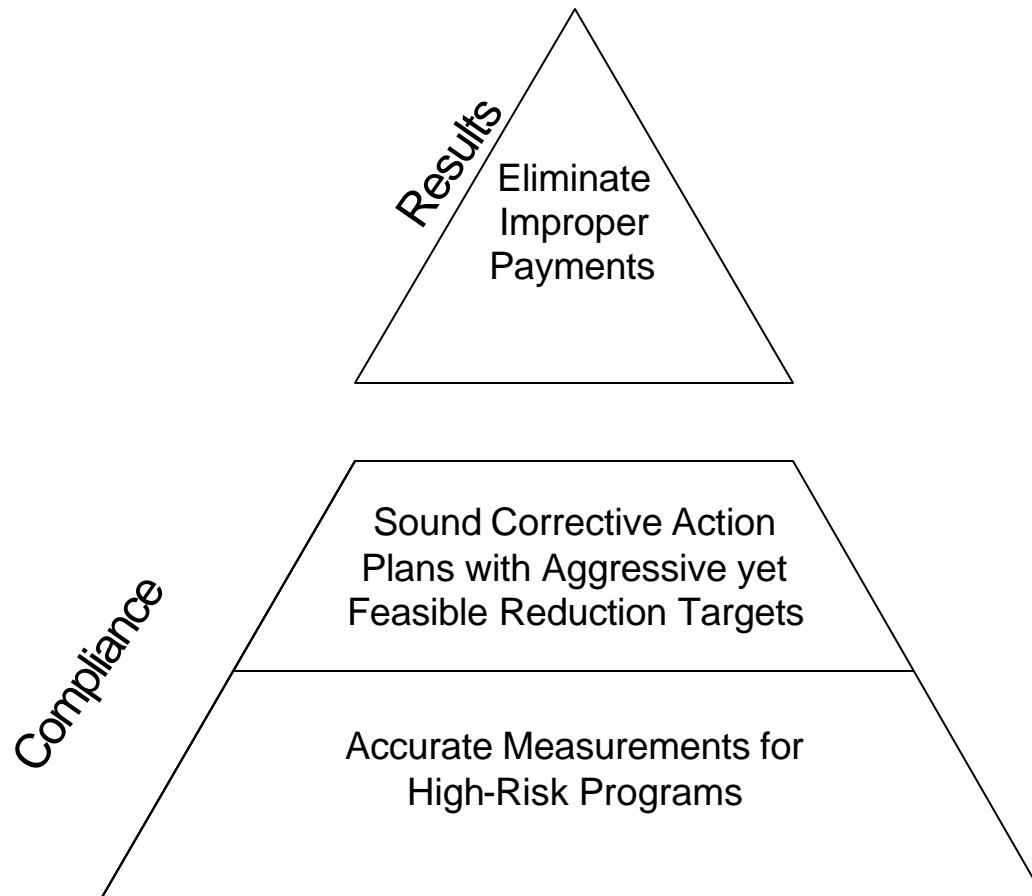
# OTHER PMA INITIATIVES

- Effective real property management
- Improving accuracy of payments

# *Getting to Green* in Real Property



# *Getting to Green* in Improper Payments



# Improper Payments Update

- Results of '04 government-wide report
  - **\$45.1 billion in improper payments**
  - 7 programs comprise 95% of this amount (Big 7)
  - Agencies established aggressive reduction targets – \$4.9 billion in 2005; \$8.1 billion in 2006; \$12.3 billion in 2007
- CFO Council Committee Initiatives
  - Revise PAR reporting format
  - Industry Day RFI/RFP process
  - Recommended changes to M-03-13

# Other Financial Management Initiatives

- Strengthening control over charge cards
- Introduction of the Metrics Tracking System (MTS)



# **“Strengthening control over charge cards”**

- New guidance set forth in Circular A-123, Appendix B
- Consolidates and updates existing charge card requirements.
- Established minimum requirements and identifies best practices in following areas:
  - Planning, Training, Risk Management, Credit Worthiness, Refunds, Strategic Sourcing, and Tax Recovery

# “Introduction of the Metrics Tracking System (MTS)”

- 9 current metrics –
  - FBWT; Suspense; AR; EFT; Prompt Pay; Interest Penalties; IBA Travel; CBA Travel; Purchase Card
- Planned metrics –
  - Intra-governmental; Purchase Card Refunds; Grants Management

Scores by Agency										
PMA Status	Agency	(1)	(2)	(3)	(4)	(5a)	(5b)	(6a)	(6b)	(6c)
		FBWT	Suspense	AR	EFT	Prompt Pay	Interest Penalties	Travel IBA	Travel CBA	Purchase Cards
R	AID	0.02%	95.18%	5.59%	97.74%	98.70%	0.0000%	2.55%	1.53%	0.00%
R	DHS	5.57%	24.54%	40.02%	75.00%	98.00%	0.0146%	2.00%	0.00%	1.00%
G	DOC	0.00%	41.06%	30.78%	94.44%	96.70%	0.0206%	1.60%	0.00%	0.00%
R	DOD	0.19%	74.57%	51.85%	94.30%	95.33%	0.0135%	4.70%	2.00%	2.44%
G	DOE	0.00%	61.79%	35.92%	95.97%	96.50%	0.0007%	3.40%	3.70%	0.00%
R	DOI	1.76%	65.91%	44.91%	92.63%	97.80%	0.0150%	2.97%	0.00%	0.00%
R	DOJ	0.01%	8.67%	52.34%	90.38%	94.00%	0.0073%	0.60%	0.20%	0.00%
G	DOL	0.00%	100.00%	51.50%	85.72%	96.00%	0.0041%	2.00%	0.00%	0.00%
G	DOS	2.16%	55.98%	51.11%	68.66%	85.00%	0.0135%	3.51%	0.38%	0.40%
R	DOT	2.18%	27.36%	37.03%	86.40%	89.05%	0.0062%	1.00%	0.20%	0.00%
G	ED	0.00%	59.84%	19.25%	98.59%	95.90%	0.0199%	1.45%	3.52%	0.00%
G	EPA	0.00%	4.48%	65.81%	89.16%	96.10%	0.0073%	3.80%	0.00%	0.00%
R	GSA	0.00%	19.32%	64.86%	91.94%	99.00%	0.0054%	2.00%	0.00%	0.00%
R	HHS	0.01%	55.83%	23.49%	97.58%	95.80%	0.0084%	2.50%	0.00%	0.00%
R	HUD	0.00%	5.43%	3.71%	83.38%	98.10%	0.0011%	2.30%	0.00%	0.00%
R	NASA	0.00%	35.05%	4.15%	100.00%	96.50%	0.0013%	3.58%	0.00%	16.82%
NA	NRC	0.00%	100.00%	2.97%	88.39%	91.58%	0.0029%	0.47%	0.00%	0.00%
G	NSF	0.00%	0.00%	0.61%	100.00%	99.70%	0.0025%	1.96%	0.00%	0.00%
R	OPM	22.00%	0.00%	32.77%	92.13%	92.00%	0.0108%	3.50%	0.00%	0.00%
R	SBA	0.00%	0.00%	36.69%	76.47%	97.35%	0.0334%	0.39%	0.00%	0.00%
G	SSA	0.92%	0.00%	13.86%	96.19%	97.30%	0.0038%	0.80%	0.00%	0.00%
R	TREAS	0.00%	83.50%	0.68%	100.00%	87.10%	0.0159%	0.50%	0.00%	0.00%
R	USDA	1.98%	89.29%	5.81%	48.58%	98.16%	0.0050%	4.11%	1.90%	0.00%
R	VA	0.30%	25.59%	25.80%	93.95%	96.50%	0.0128%	2.00%	0.00%	0.00%

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